

TRIBAL CASINO REVENUE OVERSIGHT BOARD

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House Bill 6763

Sponsor: Rep. Andy Coulouris

Committee: Banking and Financial Services

Complete to 12-8-08

A SUMMARY OF HOUSE BILL 6763 AS INTRODUCED 12-5-08

The bill would amend the Michigan Strategic Fund Act to establish within the MSF a board to provide oversight over the MSF's investment of tribal gaming revenue. The bill specifies that this revenue would have to be used for direct capital investments.

The 7-member Investment Oversight Board would include the State Treasurer, CEO of the Michigan Economic Development Corporation, the Commissioner of the Office of Financial and Insurance Regulation, a person appointed by the OFIR Commissioner, a member appointed by the Governor, and two members appointed by the Governor and suggested by the Speaker of the House and the Senate Majority Leader. The OFIR Commissioner would serve as chairperson. The Investment Oversight Board would act independently of the MSF, the MSF Board, and the Department of Treasury, except as necessary to carry out its investment activities. The bill includes standard provisions regarding the oath of office, board organization and procedures, and compliance with the Open Meetings Act.

Financial institutions receiving investments would have to submit quarterly reports to the Investment Oversight Board. The board would itself have to submit a report to the appropriations committees, legislative fiscal agencies, and the State Budget Office, although the bill does not specify when or how often or describe the contents of the report.

MCL 125.2016

FISCAL IMPACT:

In 2009, the Michigan Strategic Fund (MSF) is expected to receive an estimated \$27.7 million in revenue from payments from the four tribal casinos that are currently required to submit gaming revenue payments to the state. Because a new tribal casino is scheduled to open in late 2009, these payments are expected to total approximately \$41.6 million in 2010.

House Bill 6763 would establish an Investment Oversight Board that would direct the investment of these tribal gaming payment funds for direct capital investment activities.

There are currently 11 federally-recognized Michigan Indian tribes that have entered into one of two separate tribal-state compacts with the state to conduct casino gambling in Michigan. Four of these tribes are currently making payments based upon gaming revenue to the state; the funding is deposited into the MSF. One additional tribe is scheduled to open a new casino in late 2009 and is expected to begin submitting payments at that time.

The first tribal-state compact was signed in 1993 and required tribes to pay eight percent of their "net win" from electronic games of chance to the state for deposit into the MSF. However, since the Michigan Gaming Control Board (MGCB) approved the three commercial (non-tribal) casino licenses in the City of Detroit, only one of these seven tribes in the first compact, the Keweenaw Bay Indian Community (KBIC), is now required to make the eight percent payment to the MSF.

Under the second tribal-state compact, the 1998 compact, each tribe was originally required to pay eight percent of their "net win" to the MSF. The following tribes fall under the second compact agreement:

Little River Band of Ottawa Indians (LRB)

Little Traverse Bay Band of Odawa Indians (LTBB)

Pokagon Band of Potawatomi Indians

Nottawaseppi Huron Bands of Potawatomi Indians (expected to open near Battle Creek in August 2009)

Only the first three tribes in the above list are currently operating casinos and, thus, submitting payments to the MSF. Because of recent amendments to the tribal-state compacts, these tribes are now required to make six percent payments to the state. (Nottawaseppi tribe is expected to open a new casino in late 2009).

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.